

**Council on the Environment, Inc.  
d/b/a GrowNYC and Affiliate**



**Consolidated Financial Statements  
With Supplementary Information  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2019 and 2018**

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS  
With Supplementary Information**

**YEARS ENDED JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Council on the Environment, Inc. d/b/a GrowNYC and Affiliate

We have audited the accompanying consolidated financial statements of Council on the Environment, Inc. d/b/a GrowNYC ("GrowNYC") and New York State Regional Food Hub LLC (the "LLC" or the "Affiliate") (collectively the "Organization") which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the respective changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 20 to the consolidated financial statements, during the year ended June 30, 2019, the Organization adopted Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2016-18, *Statement of Cash Flows* (Topic 230). Our opinion is not modified with respect to these matters.

### ***Report on Consolidating Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information (shown on pages 20-21) is presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, change in net assets and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Marks Paneth LLP*

New York, NY  
December 18, 2019

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2B and 12)	\$ 1,651,681	\$ 847,468
Restricted cash (Note 2G)	324,849	304,802
Total cash, cash equivalents and restricted cash	1,976,530	1,152,270
Investments, at fair value (Notes 2C and 4)	2,126,556	2,146,581
Government grants receivable (Notes 2D and 2I)	3,352,370	4,194,552
Accounts receivable - participant rental fees, net (Note 2D)	345,205	313,106
Accounts receivable - sales, net (Note 2D)	212,826	418,536
Accounts receivable - other fees, net (Note 2D)	81,063	96,278
Contributions receivable (Note 2E)	216,149	413,244
Prepaid expenses, deposits and other assets	448,912	386,682
Property and equipment, net (Notes 2F and 5)	956,181	1,059,327
<b>TOTAL ASSETS</b>	<b>\$ 9,715,792</b>	<b>\$ 10,180,576</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 342,657	\$ 581,471
Accrued farmers' token redemption (Note 2G)	324,849	304,802
Accrued payroll and related expenses	923,674	706,106
Advance payments (Note 2K)	284,095	313,443
Government grant advances (Note 2I)	48,785	-
Notes payable (Note 7A)	932,364	1,523,728
<b>TOTAL LIABILITIES</b>	<b>2,856,424</b>	<b>3,429,550</b>
 <b>COMMITMENTS AND CONTINGENCIES (Note 6)</b>		
 <b>NET ASSETS (Notes 2H, 8 and 9)</b>		
Without donor restrictions:		
Operations	1,344,602	1,211,406
Net investment in property and equipment	956,181	1,059,327
Board designated investment fund (Note 9)	1,852,350	1,872,611
Board designated operating reserve fund (Note 9)	258,569	253,505
Total without donor restrictions	4,411,702	4,396,849
With donor restrictions (Note 8)	2,447,666	2,354,177
<b>TOTAL NET ASSETS</b>	<b>6,859,368</b>	<b>6,751,026</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,715,792</b>	<b>\$ 10,180,576</b>

The accompanying notes are an integral part of these consolidated financial statements.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	For the Year Ended June 30, 2019			For the Year Ended June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total 2019	Without Donor Restrictions	With Donor Restrictions	Total 2018
<b>REVENUES AND SUPPORT:</b>						
Government grants (Note 2I)	\$ 5,621,311	\$ -	\$ 5,621,311	\$ 6,162,424	\$ -	\$ 6,162,424
Contributions - foundations (Note 2E)	157,085	913,000	1,070,085	198,227	611,540	809,767
Contributions - individuals and corporations (Note 2E)	331,821	952,252	1,284,073	204,666	1,009,498	1,214,164
Contributed facilities, services and assets (Notes 2J and 10)	744,761	-	744,761	661,930	-	661,930
Greenmarket participant rental fees (Note 2K)	4,441,219	-	4,441,219	4,407,548	-	4,407,548
Sales of wholesale produce, plants and grains (Note 2K)	2,865,876	-	2,865,876	2,782,779	-	2,782,779
Other fees (Note 2K)	583,405	-	583,405	537,670	-	537,670
Investment activity (Notes 2C and 4)	(19,749)	-	(19,749)	(23,482)	-	(23,482)
Miscellaneous	216,489	-	216,489	158,952	-	158,952
Net assets released from restriction (Note 8)	1,771,763	(1,771,763)	-	1,616,491	(1,616,491)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>16,713,981</b>	<b>93,489</b>	<b>16,807,470</b>	<b>16,707,205</b>	<b>4,547</b>	<b>16,711,752</b>
<b>EXPENSES (Note 2L):</b>						
Program Services:						
Greening & gardens	1,340,147	-	1,340,147	1,248,489	-	1,248,489
Greenmarket & farmer development	4,950,227	-	4,950,227	4,639,377	-	4,639,377
Food access & wholesale distribution	3,939,543	-	3,939,543	3,899,591	-	3,899,591
Environmental education	1,127,997	-	1,127,997	1,135,277	-	1,135,277
Zero Waste outreach and education	2,155,718	-	2,155,718	2,020,149	-	2,020,149
GrowNYC Partners	53,485	-	53,485	78,627	-	78,627
Project Farmhouse	635,026	-	635,026	617,631	-	617,631
New York State Regional Food Hub LLC	411,121	-	411,121	1,060,920	-	1,060,920
Total Program Services	14,613,264	-	14,613,264	14,700,061	-	14,700,061
Supporting Services:						
Management and general	1,210,378	-	1,210,378	1,125,476	-	1,125,476
Fundraising	875,486	-	875,486	730,285	-	730,285
Total Supporting Services	2,085,864	-	2,085,864	1,855,761	-	1,855,761
<b>TOTAL EXPENSES</b>	<b>16,699,128</b>	<b>-</b>	<b>16,699,128</b>	<b>16,555,822</b>	<b>-</b>	<b>16,555,822</b>
<b>CHANGE IN NET ASSETS</b>	<b>14,853</b>	<b>93,489</b>	<b>108,342</b>	<b>151,383</b>	<b>4,547</b>	<b>155,930</b>
Net assets - beginning of year	4,396,849	2,354,177	6,751,026	4,245,466	2,349,630	6,595,096
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,411,702</b>	<b>\$ 2,447,666</b>	<b>\$ 6,859,368</b>	<b>\$ 4,396,849</b>	<b>\$ 2,354,177</b>	<b>\$ 6,751,026</b>

The accompanying notes are an integral part of these consolidated financial statements.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
(With Summarized Totals for the Year Ended June 30, 2018)

	For the Year Ended June 30, 2019									Supporting Services		2019 Total Expenses	2018 Total Expenses
	Program Services				Zero Waste Outreach & Education					Management and General	Fundraising		
	Greening & Gardens	Greenmarket & Farmer Development	Food Access & Wholesale Distribution	Environmental Education	GrowNYC Partners	Project Farmhouse	NYS Regional Food Hub	Total					
Salaries	\$ 618,688	\$ 2,747,346	\$ 1,154,737	\$ 719,523	\$ 1,401,589	\$ 33,603	\$ 154,218	\$ -	\$ 6,829,704	\$ 660,683	\$ 640,912	\$ 8,131,299	\$ 7,691,572
Payroll taxes and employee benefits (Note 11)	168,055	661,255	274,896	178,938	345,984	4,253	32,944	-	1,666,325	113,103	153,819	1,933,247	1,779,820
Total salaries and related expenses	786,743	3,408,601	1,429,633	898,461	1,747,573	37,856	187,162	-	8,496,029	773,786	794,731	10,064,546	9,471,392
Contributed facilities and services (Notes 2J and 10)	77,859	303,847	51,906	84,353	103,824	-	-	-	621,789	122,972	-	744,761	661,930
Consultants and professional fees	19,393	191,612	82,994	21,474	12,700	7,175	3,379	307,464	646,191	116,799	63,459	826,449	1,440,071
Office supplies	477	51,587	9,333	20,535	10,106	178	6,513	-	98,729	26,454	6,436	131,619	150,925
Meetings	2,173	35,206	3,964	9,273	12,755	-	102	-	63,473	12,128	4,429	80,030	86,627
Travel	9,226	23,560	18,390	20,485	15,791	1,246	82	-	88,780	1,623	51	90,454	91,463
Telephone and mobile data	8,061	49,123	24,489	7,433	13,045	-	17,777	-	119,928	12,940	117	132,985	135,689
Printing and photography	13,401	16,549	3,119	2,223	11,967	-	160	-	47,419	5,653	5,223	58,295	75,271
Vehicle fuel, maintenance and repairs	11,586	35,518	37,695	20	19,549	-	35	-	104,403	465	-	104,868	106,063
Advertising (Note 2M)	465	45,325	554	284	41,133	95	335	-	88,191	1,953	260	90,404	91,590
Insurance	19,428	99,007	51,018	14,880	51,346	-	6,600	-	242,279	51,438	-	293,717	261,896
Space rentals (Note 5D)	-	453,553	104,878	6,530	14,076	-	290,878	35,000	904,915	-	-	904,915	850,783
Field supplies and gardening materials	214,649	46,986	42,391	32,825	25,938	6,935	1,206	-	370,930	1,577	189	372,696	401,015
Cost of goods sold (Note 2K)	68,482	71,577	1,926,935	-	-	-	-	-	2,066,994	-	-	2,066,994	2,036,857
Equipment lease and rentals (Note 5C)	5,632	19,046	43,939	7,045	69,647	-	-	-	145,309	28,428	-	173,737	164,758
Grants and awards (Note 2N)	99,600	-	-	-	-	-	-	-	99,600	-	-	99,600	85,680
Depreciation and amortization (Note 4)	329	32,651	14,943	-	-	-	77,157	-	125,080	10,987	-	136,067	135,188
Bad debt expense	-	2,178	33,063	-	-	-	-	-	35,241	-	-	35,241	21,091
Miscellaneous	2,643	64,301	60,299	2,176	6,268	-	43,640	68,657	247,984	43,175	591	291,750	287,533
<b>Total expenses</b>	<b>\$ 1,340,147</b>	<b>\$ 4,950,227</b>	<b>\$ 3,939,543</b>	<b>\$ 1,127,997</b>	<b>\$ 2,155,718</b>	<b>\$ 53,485</b>	<b>\$ 635,026</b>	<b>\$ 411,121</b>	<b>\$ 14,613,264</b>	<b>\$ 1,210,378</b>	<b>\$ 875,486</b>	<b>\$ 16,699,128</b>	<b>\$ 16,555,822</b>
<b>Total expenses - 2018</b>	<b>\$ 1,248,489</b>	<b>\$ 4,639,377</b>	<b>\$ 3,899,591</b>	<b>\$ 1,135,277</b>	<b>\$ 2,020,149</b>	<b>\$ 78,627</b>	<b>\$ 617,631</b>	<b>\$ 1,060,920</b>	<b>\$ 14,700,061</b>	<b>\$ 1,125,476</b>	<b>\$ 730,285</b>	<b>\$ 16,555,822</b>	

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

For the Year Ended June 30, 2018

	Program Services							Supporting Services			2018 Total Expenses	
	Greening and Gardens	Greenmarket & Farmer Development	Food Access & Wholesale Distribution	Environmental Education	Zero Waste Outreach & Education	GrowNYC Partners	Project Farmhouse	NYS Regional Food Hub	Total	Management and General		Fundraising
Salaries	\$ 569,404	\$ 2,571,197	\$ 1,123,667	\$ 723,340	\$ 1,334,519	\$ 52,172	\$ 147,463	\$ -	\$ 6,521,762	\$ 596,536	\$ 573,274	\$ 7,691,572
Payroll taxes and employee benefits (Note 11)	154,476	602,621	269,102	170,893	302,735	11,441	34,808	-	1,546,076	101,891	131,853	1,779,820
Total salaries and related expenses	723,880	3,173,818	1,392,769	894,233	1,637,254	63,613	182,271	-	8,067,838	698,427	705,127	9,471,392
Contributed facilities and services (Notes 2J and 10)	73,368	207,900	99,394	79,488	97,836	-	-	-	557,986	103,944	-	661,930
Consultants and professional fees	25,757	153,147	78,598	13,340	13,987	5,225	9,028	1,021,304	1,320,386	114,670	5,015	1,440,071
Office supplies	1,928	63,616	13,793	4,882	11,993	444	17,650	283	114,589	35,121	1,215	150,925
Meetings	8,888	27,753	2,036	11,070	13,018	56	260	-	63,081	18,707	4,839	86,627
Travel	9,392	25,395	17,621	23,714	13,746	429	16	-	90,313	1,052	98	91,463
Telephone and mobile data	7,192	54,674	24,566	7,215	12,521	-	16,866	-	123,034	12,655	-	135,689
Printing and photography	3,349	35,207	2,726	5,684	15,501	-	900	-	63,367	3,516	8,388	75,271
Vehicle fuel, maintenance and repairs	14,416	29,795	40,329	28	18,287	-	-	-	102,855	3,208	-	106,063
Advertising (Note 2M)	1,322	50,997	1,633	264	36,098	-	259	-	90,573	1,017	-	91,590
Insurance	14,352	99,525	48,846	14,880	42,417	-	5,100	-	225,120	36,776	-	261,896
Space rentals (Note 6D)	-	446,349	112,022	5,474	15,413	-	271,525	-	850,783	-	-	850,783
Field supplies and gardening materials	200,152	68,224	36,559	64,711	18,359	8,832	3,895	-	400,732	26	257	401,015
Cost of goods sold (Note 2L)	68,482	72,397	1,895,978	-	-	-	-	-	2,036,857	-	-	2,036,857
Equipment lease and rentals (Note 6C)	4,645	19,975	34,300	6,931	67,922	28	-	-	133,801	28,198	2,759	164,758
Grants and awards (Note 2N)	85,680	-	-	-	-	-	-	-	85,680	-	-	85,680
Depreciation and amortization (Note 5)	-	32,220	15,539	-	-	-	77,157	-	124,916	10,272	-	135,188
Bad debt expense	3,300	6,835	10,956	-	-	-	-	-	21,091	-	-	21,091
Miscellaneous	2,386	71,550	71,926	3,363	5,797	-	32,704	39,333	227,059	57,887	2,587	287,533
<b>Total expenses</b>	<b>\$ 1,248,489</b>	<b>\$ 4,639,377</b>	<b>\$ 3,899,591</b>	<b>\$ 1,135,277</b>	<b>\$ 2,020,149</b>	<b>\$ 78,627</b>	<b>\$ 617,631</b>	<b>\$ 1,060,920</b>	<b>\$ 14,700,061</b>	<b>\$ 1,125,476</b>	<b>\$ 730,285</b>	<b>\$ 16,555,822</b>



**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 108,342	\$ 155,930
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	136,067	135,188
Bad debt	35,241	21,091
Donated stocks	-	(4,680)
Realized gain on sales of investments	(50,067)	(26,617)
Unrealized loss on investments	108,686	94,516
Subtotal	338,269	375,428
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Government grants receivable	839,280	(1,345,718)
Accounts receivable - participant rental fees	(35,365)	(37,098)
Accounts receivable - sales	177,863	(42,422)
Accounts receivable - other fees	13,989	53,385
Contributions receivable	197,095	317,673
Prepaid expenses, deposits and other assets	(62,230)	81,474
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(238,814)	(30,755)
Accrued farmers' token redemption	20,047	23,057
Accrued payroll and related expenses	217,568	(37,784)
Advance payments	(29,348)	2,625
Government grant advances	48,785	(644,044)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>1,487,139</b>	<b>(1,284,179)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(32,921)	(48,562)
Proceeds from sales of investments	400,742	395,696
Purchases of investments	(439,336)	(424,567)
<b>Net Cash Used in Investing Activities</b>	<b>(71,515)</b>	<b>(77,433)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of notes payable	(1,046,327)	(40,000)
Repayment of line of credit	(500,000)	(200,000)
Proceeds from line of credit	500,000	-
Proceeds from notes payable	454,963	1,443,728
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(591,364)</b>	<b>1,203,728</b>
<b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>824,260</b>	<b>(157,884)</b>
Cash, cash equivalents and restricted cash- beginning of year	1,152,270	1,310,154
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	<b>\$ 1,976,530</b>	<b>\$ 1,152,270</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 63,070	\$ 39,324
Taxes paid	\$ 11,100	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNVC AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Council on the Environment, Inc. d/b/a GrowNYC improves New York City's quality of life through environmental programs that transform communities, block by block, and empower all New Yorkers to secure a clean and healthy environment for future generations. GrowNYC is supported primarily by government grants, contributions from foundations, individuals and corporations, Greenmarket participant rental fees and sales of wholesale fresh produce. GrowNYC is exempt from federal income tax as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

New York State Regional Food Hub LLC is a limited liability company. GrowNYC is the sole member of the LLC. The LLC was incorporated in October 2011 and started operations in fiscal year 2017. The LLC was formed for the purpose of building and operating a warehouse facility which will serve as a wholesale food distribution hub for small- and mid-sized farms in New York State.

The Organization achieves its mission through the following projects and programs:

- **Greening & Gardens**, which creates, rejuvenates, and provides substantial material and technical assistance to several new community gardens each year in addition to helping more than 100 gardens created in prior years; builds rainwater harvesting systems and promotes best practices in green infrastructure through workshops and collaborative installations; operates a substantial teaching garden on Governors Island; and inspires, promotes, and facilitates the creation of sustainable gardens in public schools through mini-grants and technical assistance provided by the Grow to Learn Program;
- **Greenmarket & Farmer Development**, which provides regional, small family farmers the opportunity to sell their fruits, vegetables, and other farm products to New Yorkers by operating more than 50 farmers' markets throughout the city, and helps both experienced and beginning farmers increase long-term viability through the FARMroots Program;
- **Food Access & Wholesale Distribution**, which expands wholesale distribution options for small and mid-size farmers through the Greenmarket Co. food distribution hub, and leverages wholesale distribution channels to improve food access opportunities in underserved communities through the Fresh Food Box Program and youth-operated urban farm stands known as Youth Markets;
- **Environmental Education**, which offers meaningful hands-on projects in the areas of conservation, alternative energy, school recycling, and more to NYC public school students at all grade levels; promotes a good food / good health community outreach model by and for teens in underserved communities through the Learn It, Grow It, Eat It Program; and helps young people to learn where their food comes from, who grows it, and what is good for their bodies and the environment;
- **Zero Waste Outreach and Education**, which promotes recycling and waste prevention for tenants, building personnel, citizens, and students through a variety of reduce/reuse/recycle opportunities and workshops.
- **GrowNYC Partners**, which provides professional consulting services to bring food, farming, gardening, green infrastructure, recycling, and waste prevention projects to fruition on behalf of a diverse list of clients including businesses, individuals, foundations, and government agencies.
- **Project Farmhouse**, which allows all New Yorkers to explore environmental issues through the lens of food, horticulture, arts, recycling, cooking, and community education. Located at 76 East 13<sup>th</sup> Street in Manhattan, Project Farmhouse is a state-of-the-art sustainability and education center, and a home for dynamic programming.
- **New York State Regional Food Hub**, which will establish a wholesale food distribution hub to serve small-to mid-sized farms in New York State through the construction of a warehouse facility in the Hunts Point section of the Bronx. The facility will include approximately 75,000 square feet of refrigerated/freezer and food processing space. This will serve as a new home for the Organization's extant wholesale distribution program Greenmarket Co. in addition to other tenants. The total estimated project cost is \$30 million including pre-construction soft costs, which commenced during FY17. The current project timeline anticipates ground-breaking in May 2020 followed by 15 months of construction. The facility is expected to begin operations in 2021.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting, Use of Estimates, and Principles of Consolidation***

The Organization’s consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The consolidated financial statements of Council on the Environment, Inc. d/b/a GrowNYC and New York State Regional Food Hub LLC (collectively the “Organization”) have been prepared by consolidating the financial statements of Council on the Environment, Inc. d/b/a GrowNYC (“GrowNYC”) and New York State Regional Food Hub LLC (the “LLC” or the “Affiliate”). All intercompany transactions and balances have been eliminated in the consolidation. See pages 19-20 for consolidating statements.

**B. *Cash and Cash Equivalents***

The Organization considers all highly liquid instruments with maturities of three months or less when acquired to be cash equivalents, with the exception of those short-term investments managed by the Organization’s investment manager for long-term investment purposes.

**C. *Investments and Fair Value Measurements***

Investments are reported at fair value based upon quoted market value or readily available pricing resources. Securities transactions are recorded on a trade-date basis. Realized gains and losses on sales of investments are determined on a specific identification basis and are included in investment activity in the consolidated statements of activities. Interest income is recognized when earned and dividends are recorded on the ex-dividend date.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

**D. *Allowance for Uncollectible Accounts Receivable***

The Organization determines whether an allowance for uncollectible balances should be provided for accounts receivable. Such estimates are based on management’s assessment of the likelihood of collection, including consideration of how long the receivable has been outstanding, creditworthiness of the debtor, current economic conditions and historical information.

The allowance for uncollectible accounts receivable consisted of the following as of June 30:

	2019	2018
Accounts receivable – participant rental fees	\$ 5,557	\$ 2,291
Accounts receivable – sales	15,518	17,832
Accounts receivable – other fees	6,626	5,400
Total allowance for uncollectible receivables	\$ 27,701	\$ 25,523

**E. *Contributions Receivable***

Contributions are recognized when the donor makes an unconditional promise to give. All contributions are considered to be available for general purposes unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unless material, the Organization does not discount to present value, contributions to be received after more than one year.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions receivable are scheduled to be received as follows, as of June 30:

	2019	2018
Amount due in less than one year	\$ 113,649	\$ 363,244
Amount due in one to five years	102,500	50,000
	\$ 216,149	\$ 413,244

**F. *Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization. These amounts do not purport to represent replacement or realizable value. The Organization capitalizes certain property and equipment with a useful life of more than one year and a cost of at least \$1,000. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Office space is donated to the Organization by the City of New York for an indefinite time period. Therefore, leasehold improvements are amortized on a straight-line basis over their estimated useful lives. The Organization retains assets purchased with grantor restricted funds, unless the grantor requests that such equipment be returned. Purchases of property and equipment reimbursed by governmental funding sources, and for which the contractual agreement specifies that title to these assets rests with the governmental funding sources, are expensed.

**G. *Accrued Farmers' Token Redemption***

As part of the Greenmarket Program, farmers collect tokens from consumers who have exchanged either supplemental nutrition assistance program ("SNAP") benefit dollars or credit/debit as payment for produce. The Organization records a liability for tokens that have yet to be redeemed by the farmers. In connection with this liability, the Organization maintains the funds in a separate cash account. These funds are restricted to pay out tokens to farmers that have yet to be redeemed. These funds are to be used to pay out the tokens and amounted to \$324,849 and \$304,802 for the years ended June 30, 2019 and 2018, respectively.

**H. *Basis of Presentation***

The Organization maintains its net assets under the following classes:

- a) Without donor restrictions – includes the net assets that do not have donor-imposed restrictions. The Organization's net assets without donor restrictions have been further classified as follows:
  - Operations – represents net assets without donor restrictions whose use is available for daily operations.
  - Net investment in property and equipment – this represents the net book value of property and equipment less any liabilities related to those assets.
  - Board designated investment fund – the Board designated investment fund consists of net assets whose use has been designated by the Board for investment and other purposes.
  - Board designated operating reserve fund – represents net assets without donor restrictions designated by the Board for the general purpose of helping to ensure the long-term financial stability of the Organization and position it to respond to varying economic conditions and changes affecting the Organization's financial position and its ability to carry out its mission continuously.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- b) With donor restrictions – includes gifts of cash and other assets received with donor stipulations that limit the use of donated assets. When a donor restriction expires or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. The Organization did not have any net assets maintained in perpetuity by the Organization as of June 30, 2019 and 2018.

**I. *Government Grants***

Revenues from government grants are recognized when reimbursable expenses are incurred under the terms of the grant. Government grants receivable is recorded when expenses incurred under the terms of the grant exceed cash received. Advances received from government agencies in excess of expenditures incurred for a grant still in progress are reported as government grant advances.

**J. *Contributed Facilities, Services and Assets***

The value of contributed facilities and services are reported as in-kind contributions and expenses in the accompanying consolidated statements of activities. Contributed facilities include office space donated by the City of New York and estimated fair value assessments of contributed facilities are performed every three years. Changes to the fair value in the interim years are not anticipated to be material to the consolidated financial statements. Contributed services are recognized in the consolidated financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization records contributed services at their fair value on the date received. Contributed assets are recognized at fair value on the date of the receipt.

**K. *Participant Rental Fees, Sales and Other Fees***

Revenues from Greenmarket participant (farmer/producer) rental fees are based on signed contracts, renewed annually. Sales revenue includes sales of regional fresh produce and grains through the Food Access & Wholesale Distribution Program, as well as the annual plant sale to community gardens through the Greening & Gardens Program. Other fees include consulting services as well as rental of Project Farmhouse. Advance payments represent fees received in advance for the Greenmarket Program applicable to the next fiscal year.

**L. *Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**M. *Advertising Costs***

Advertising costs are expensed as incurred.

**N. *Grants and Awards***

Grants and awards are expensed in the year awarded. Grants awarded but unpaid at year-end are reported as grants payable in the consolidated statements of financial position.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. *Change in Accounting Principle***

Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2016-18, *Statement of Cash Flows* (Topic 230) – *Restricted Cash*. ASU 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. ASU 2016-14 was adopted by the Organization for the year ended June 30, 2019. Financial statements for the year ended June 30, 2018 were restated to conform to the current year presentation. ASU 2016-18 requires that restricted cash be included with beginning and ending cash and cash equivalents on the accompanying consolidated statement of cash flows. These changes had no impact on the change in net assets for the year ended June 30, 2018. Specifically, ASU 2016-14 resulted in renaming amounts previously reported as unrestricted net assets as net assets without donor restrictions and temporarily restricted and permanently restricted net assets as net assets with donor restrictions. In addition, required disclosures on liquidity and availability of resources were provided for the current year in Note 3.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

As of June 30, 2019, the financial assets available to meet general expenditures over the next 12 months were as follows:

Cash and cash equivalents	\$ 1,651,681
Government grants receivable	3,352,370
Accounts receivable	639,094
Contributions receivable	<u>216,149</u>
Less: Contributions receivable due within one to five years	<u>(102,500)</u>
	<u>\$ 5,756,794</u>

**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Corporate stocks	\$ 1,232,158	\$ 1,031,764
Corporate bonds	481,548	668,892
Money market mutual funds	<u>412,850</u>	<u>445,925</u>
Total investments	<u>\$ 2,126,556</u>	<u>\$ 2,146,581</u>

Investments are subject to market volatility that could substantially change their value in the near term.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
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**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Investment activity, net included the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 47,241	\$ 44,417
Realized gains on sales of investments	50,067	26,617
Unrealized loss on investments	(108,686)	(94,516)
Investment fees	<u>(8,521)</u>	<u>(15,667)</u>
Total investment activity, net	<u>\$ (19,899)</u>	<u>\$ (39,149)</u>

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, “Fair Value Measurements,” provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available.

An asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All assets carried at fair value have been valued using a market approach. There were no changes in the valuation techniques during the current year. The Organization uses third party pricing information without adjustment.

Following is a description of the valuation methodologies used for assets measured at fair value.

**Corporate Stocks and Money Market Mutual Funds:**

Valued at the closing price reported on the active market on which the individual securities are traded (Level 1).

**Corporate Bonds:**

Corporate bonds are designated as Level 2 instruments and valuations are obtained from readily-available pricing sources for comparable instruments (credit risk/grade, maturities, etc.).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization’s policy is to recognize transfers in and transfers out between fair value levels as of the beginning of the period in which the transfer takes place. During the years ended June 30, 2019 and 2018, no such transfers between fair value levels occurred.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

The following table presents the Organization's assets that are measured at fair value for each level at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Corporate stocks	\$ 1,232,158	\$ -	\$ 1,232,158
Money market mutual funds	412,850	-	412,850
Corporate bonds	<u>-</u>	<u>481,548</u>	<u>481,548</u>
Assets at Fair Value	<u>\$ 1,645,008</u>	<u>\$ 481,548</u>	<u>\$ 2,126,556</u>

The following table presents the Organization's assets that are measured at fair value for each level at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Corporate stocks	\$ 1,031,764	\$ -	\$ 1,031,764
Money market mutual funds	445,925	-	445,925
Corporate bonds	<u>-</u>	<u>668,892</u>	<u>668,892</u>
Assets at Fair Value	<u>\$ 1,477,689</u>	<u>\$ 668,892</u>	<u>\$ 2,146,581</u>

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	\$ 323,475	\$ 726,102	3-5 years
Vehicles	279,733	353,701	10 years
Leasehold improvements	<u>756,913</u>	<u>796,551</u>	15 years
Total cost	1,360,121	1,876,354	
Less: accumulated depreciation and amortization	<u>(403,940)</u>	<u>(817,027)</u>	
Net book value	<u>\$ 956,181</u>	<u>\$ 1,059,327</u>	

Depreciation and amortization expense amounted to \$136,067 and \$135,188 for the years ended June 30, 2019 and 2018, respectively. Disposal of fully depreciated assets amounted to \$549,154 for the year ended June 30, 2019.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

**A. Contingencies for Future Audits by Governmental Funding Sources**

Pursuant to the Organization's contractual relationships with certain governmental funding sources, governmental agencies have the right to examine the Organization's books and records involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances.

**B. Uncertainty in Income Taxes**

The Organization believes it has no uncertain income tax positions as of June 30, 2019 and 2018, in accordance with FASB ASC Topic 740 ("Income Taxes"), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.



**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
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**NOTE 6 – COMMITMENTS AND CONTINGENCIES (Continued)**

**C. Lease Commitments**

The Organization has entered into equipment leases with various expiration dates through 2022. Approximate future minimum payments under these leases for each of the fiscal years subsequent to June 30, 2019 are as follows:

2020	\$	64,632
2021		54,215
2022		<u>13,381</u>
	\$	<u>132,228</u>

Equipment rental expense amounted to \$64,632 for each of the years ended June 30, 2019 and 2018.

**D. Space Rental**

The Organization pays license and permit fees for use of City property in the operation of Greenmarkets and Youthmarkets. In addition, the Organization has entered into lease agreements for warehouse space for operation of the Greenmarket Co. food distribution hub and for Project Farmhouse.

Approximate future minimum payments under these leases for each of the five fiscal years subsequent to June 30, 2019 and thereafter, are as follows

2020	\$	271,000
2021		203,000
2022		210,000
2023		217,000
2024		224,000
Thereafter		<u>589,750</u>
	\$	<u>1,714,750</u>

Space rental expense amounted to \$904,915 and \$850,783, respectively, for the years ended June 30, 2019 and 2018.

**NOTE 7 – NOTES PAYABLE AND LINE OF CREDIT**

A. During the year ended June 30, 2016, the Organization received an additional \$375,000 commitment from a foundation through the foundation’s Working Capital Program (the “Program”) for the Greenmarket Co. food distribution hub. The Program is structured such that the Organization receives an \$85,000 grant and a \$40,000 interest-free loan each year for three years. The loan is not collateralized and is to be repaid in annual installments of \$40,000 each in 2018, 2019, and 2020. The balance of the note was \$40,000 and \$80,000 as of June 30, 2019 and 2018, respectively.

On December 4, 2017, the Organization signed a promissory note with a ceiling of up to \$2,000,000, which is secured by the assets of the Organization and is intended to serve as bridge financing while the Organization awaits reimbursement from government grants supporting NYS Regional Food Hub pre-construction soft costs. Interest is at the Prime Rate minus fifty (50) basis points, which was 5.00% as of June 30, 2019. As of June 30, 2019 and 2018, there was \$892,364 and \$1,443,728 borrowed, respectively. Interest only payments are due each quarter commencing April 1, 2018. All outstanding principal and interest must be repaid in full on December 1, 2020. The Organization must comply with certain financial covenants, which it has done.

B. The Organization had a \$1,250,000 line of credit for working capital which is secured by the assets of the Organization. Interest was at LIBOR plus 3.900%. The line of credit expired in July 2017 and was not renewed. It was refinanced by a promissory note dated on July 12, 2017. As of June 30, 2019 and 2018, there was \$0 outstanding borrowings on the line of credit.

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**NOTE 7 – NOTES PAYABLE AND LINE OF CREDIT (Continued)**

On July 12, 2017, the Organization received an unsecured promissory note from an institution to refinance the existing line of credit. The Organization can borrow up to \$1,250,000. Any amount outstanding was due on July 1, 2019. The interest rate is the Prime Rate minus fifty (50) basis points. There were no outstanding borrowings as of June 30, 2019. As of December 18, 2019, there were no outstanding borrowings.

Interest expense related to notes payable and line of credit for the years ended June 30, 2019 and 2018 amounted to \$63,070 and \$39,324, respectively.

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

**A. *Net Assets with Donor Restrictions***

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2019</u>	<u>2018</u>
Purpose restriction:		
Greenmarket and farmer development	\$ 373,419	\$ 293,606
Food access and wholesale distribution	175,761	234,195
Greening and gardens	1,142,093	969,095
Environmental education	76,064	130,551
Zero Waste outreach and education	7,482	11,181
Project Farmhouse	50,361	203,646
Supporting services	9,358	14,354
Time restriction:		
For periods after June 30, 2019 and 2018	100,000	20,000
Purpose and time restriction:		
Greenmarket and farmer development	100,246	188,397
Project Farmhouse	100,000	200,000
Food access and wholesale distribution	262,882	77,891
Environmental education	<u>50,000</u>	<u>11,261</u>
	<u>\$ 2,447,666</u>	<u>\$ 2,354,177</u>

Net assets with donor restrictions were released by incurring expenses satisfying the restricted purposes specified by the donors or the passage of time during the years ended June 30, as follows:

	<u>2019</u>	<u>2018</u>
Greening and gardens	\$ 713,956	\$ 538,971
Greenmarket and farmer development	142,544	139,975
Food access and wholesale distribution	395,214	418,506
Environmental education	181,730	200,101
Zero Waste outreach and education	4,538	3,897
Project Farmhouse	308,785	259,395
Supporting services	<u>24,996</u>	<u>55,646</u>
	<u>\$ 1,771,763</u>	<u>\$ 1,616,491</u>

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 – ENDOWMENT NET ASSETS**

New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act (“UMIFA”). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered without donor restrictions by the donor will be reflected as with donor restrictions until appropriated. The Organization had no donor-restricted permanent endowment funds subject to the appropriation provisions of NYPMIFA as of June 30, 2019 and 2018.

FASB Staff Position No. FAS 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds,” now codified at ASC 958-205 (“ASC 958-205”), provides guidance on the net asset classifications of donor-restricted endowment funds for a not-for-profit organization that is subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). ASC 958-205 also improves disclosure about an organization’s endowment funds, whether or not the organization is subject to UPMIFA.

The Organization maintains the board designated endowment fund and the board designated operating reserve fund as further described in Note 2H. However, such Board designated endowment funds are not subject to the appropriation provisions of NYPMIFA and, therefore, the Organization has implemented only the disclosure guidance provided for in ASC 958-205.

The Organization’s endowment investment policy is to invest primarily in a mix of equities, fixed income securities and money market mutual funds based on an asset allocation to satisfy its overall endowment, financial and investment objectives, such as to preserve the principal, protect against inflation, receive stable returns and achieve long-term growth. The Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in endowment net assets for year ended June 30, 2019, were as follows:

	Board Designated Investment Fund	Board Designated Operating Reserve Fund	Total
Endowment net assets, beginning of year	\$ 1,872,611	\$ 253,505	\$ 2,126,116
Investment activity:			
Interest and dividends	41,903	5,214	47,117
Realized gains	50,067	-	50,067
Unrealized losses	(108,646)	-	(108,646)
Fees and other expenses	(3,585)	(150)	(3,735)
Change in endowment net assets	(20,261)	5,064	(15,197)
Endowment net assets, end of year	\$ 1,852,350	\$ 258,569	\$ 2,110,919

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 – ENDOWMENT NET ASSETS (Continued)**

Changes in endowment net assets for year ended June 30, 2018, were as follows:

	Board Designated Investment Fund	Board Designated Operating Reserve Fund	Total
Endowment net assets, beginning of year	\$ 1,914,802	\$ 251,127	\$ 2,165,929
Investment activity:			
Interest and dividends	40,908	2,528	43,436
Realized gains on sales of investments	26,617	-	26,617
Unrealized losses	(94,199)	-	(94,199)
Fees and other expenses	(15,517)	(150)	(15,667)
Change in endowment net assets	(42,191)	2,378	(39,813)
Endowment net assets, end of year	\$ 1,872,611	\$ 253,505	\$ 2,126,116

**NOTE 10 – CONTRIBUTED FACILITIES, SERVICES AND ASSETS**

The Organization uses certain buildings owned by the City of New York without charge. The estimated fair rental value of the premises is reported as both revenue and expense in the period in which the premises are used. Contributed facilities amounted to \$648,874 and \$611,448, for the years ended June 30, 2019 and 2018, respectively. During the years ended June 30, 2019 and 2018, the Organization also received pro bono legal services in the amount of \$95,887 and \$50,482, respectively, and these amounts were also reported as both revenue and expense in the respective periods.

**NOTE 11 – RETIREMENT PLAN**

Effective July 1, 1985, the Organization established a noncontributory defined contribution pension plan covering all employees upon their meeting minimum age and length of service requirements.

During the year ended June 30, 2016, the Organization converted the plan to a profit-sharing plan with discretionary contributions paid to eligible employees, at June 30, 2019 and 2018, employer contributions amounted to \$256,544 (net of plan forfeitures of \$11,064), and \$194,668 (net of plan forfeitures of \$61,708), respectively. Participants in the plan are vested as follows:

Years of Service	Percentage
2	20%
3	40%
4	60%
5	80%
6	100%

**NOTE 12 – CONCENTRATION OF CREDIT RISK**

Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with one bank that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Accounts are insured up to \$250,000 per depositor. As of June 30, 2019 and 2018, there was approximately \$1,827,000 and \$1,157,000 of cash and cash equivalents held by one bank that exceeded FDIC limits. Such excess includes outstanding checks.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through December 18, 2019, which is the date the consolidated financial statements were available to be issued.

**COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE**  
**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2019 AND 2018**

	As of June 30, 2019				As of June 30, 2018			
	New York			Consolidated Total 2019	New York			Consolidated Total 2018
	GrowNYC	State Regional Food Hub LLC	Consolidating Eliminations		GrowNYC	State Regional Food Hub LLC	Consolidating Eliminations	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,651,581	\$ 100	\$ -	\$ 1,651,681	\$ 729,069	\$ 118,399	\$ -	\$ 847,468
Restricted cash	324,849	-	-	324,849	304,802	-	-	304,802
Investments, at fair value	2,126,556	-	-	2,126,556	2,146,581	-	-	2,146,581
Government grants receivable, net	2,564,267	788,103	-	3,352,370	2,727,436	1,467,116	-	4,194,552
Accounts receivable - participant rental fees, net	345,205	-	-	345,205	313,106	-	-	313,106
Accounts receivable - sales, net	212,826	-	-	212,826	418,536	-	-	418,536
Accounts receivable - other fees, net	81,063	-	-	81,063	96,278	-	-	96,278
Contributions receivable	216,149	-	-	216,149	413,244	-	-	413,244
Prepaid expenses, deposits and other assets	314,516	134,396	-	448,912	332,151	54,531	-	386,682
Due from LLC	155,668	-	(155,668)	-	28,925	-	(28,925)	-
Property and equipment, net	956,181	-	-	956,181	1,059,327	-	-	1,059,327
<b>TOTAL ASSETS</b>	<b>\$ 8,948,861</b>	<b>\$ 922,599</b>	<b>\$ (155,668)</b>	<b>\$ 9,715,792</b>	<b>\$ 8,569,455</b>	<b>\$ 1,640,046</b>	<b>\$ (28,925)</b>	<b>\$ 10,180,576</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 331,394	\$ 11,263	\$ -	\$ 342,657	\$ 361,189	\$ 220,282	\$ -	\$ 581,471
Accrued farmers' token redemption	324,849	-	-	324,849	304,802	-	-	304,802
Accrued payroll and related expenses	923,674	-	-	923,674	706,106	-	-	706,106
Due to GrowNYC	-	155,668	(155,668)	-	-	28,925	(28,925)	-
Advance payments	284,095	-	-	284,095	313,443	-	-	313,443
Government grant advances	48,785	-	-	48,785	-	-	-	-
Notes payable	40,000	892,364	-	932,364	80,000	1,443,728	-	1,523,728
<b>TOTAL LIABILITIES</b>	<b>1,952,797</b>	<b>1,059,295</b>	<b>(155,668)</b>	<b>2,856,424</b>	<b>1,765,540</b>	<b>1,692,935</b>	<b>(28,925)</b>	<b>3,429,550</b>
<b>NET ASSETS</b>								
Without donor restrictions:								
Operations	1,481,298	(136,696)	-	1,344,602	1,264,295	(52,889)	-	1,211,406
Invested in property and equipment	956,181	-	-	956,181	1,059,327	-	-	1,059,327
Board designated investment fund	1,852,350	-	-	1,852,350	1,872,611	-	-	1,872,611
Board designated operating reserve fund	258,569	-	-	258,569	253,505	-	-	253,505
Total without donor restrictions	4,548,398	(136,696)	-	4,411,702	4,449,738	(52,889)	-	4,396,849
With donor restrictions	2,447,666	-	-	2,447,666	2,354,177	-	-	2,354,177
<b>TOTAL NET ASSETS</b>	<b>6,996,064</b>	<b>(136,696)</b>	<b>-</b>	<b>6,859,368</b>	<b>6,803,915</b>	<b>(52,889)</b>	<b>-</b>	<b>6,751,026</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,948,861</b>	<b>\$ 922,599</b>	<b>\$ (155,668)</b>	<b>\$ 9,715,792</b>	<b>\$ 8,569,455</b>	<b>\$ 1,640,046</b>	<b>\$ (28,925)</b>	<b>\$ 10,180,576</b>

COUNCIL ON THE ENVIRONMENT, INC. D/B/A GROWNYC AND AFFILIATE  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	For the Year Ended June 30, 2019						For the Year Ended June 30, 2018					
	GrowNYC			New York			GrowNYC			New York		
	Without Donor Restrictions	With Donor Restrictions	Total	State Regional Food Hub LLC	Consolidating Eliminations	Consolidated Total 2019	Without Donor Restrictions	With Donor Restrictions	Total	State Regional Food Hub LLC	Consolidating Eliminations	Consolidated Total 2018
<b>REVENUES AND SUPPORT:</b>												
Government grants	\$ 5,293,997	\$ -	\$ 5,293,997	\$ 327,314	\$ -	\$ 5,621,311	\$ 5,154,493	\$ -	\$ 5,154,493	\$ 1,007,931	\$ -	\$ 6,162,424
Contributions - foundations	157,085	913,000	1,070,085	-	-	1,070,085	198,227	611,540	809,767	-	-	809,767
Contributions - individuals and corporations	331,821	952,252	1,284,073	-	-	1,284,073	204,666	1,009,498	1,214,164	-	-	1,214,164
Contributed facilities, services and assets	744,761	-	744,761	-	-	744,761	661,930	-	661,930	-	-	661,930
Greenmarket participant rental fees	4,441,219	-	4,441,219	-	-	4,441,219	4,407,548	-	4,407,548	-	-	4,407,548
Sales of wholesale produce, plants & grains	2,865,876	-	2,865,876	-	-	2,865,876	2,782,779	-	2,782,779	-	-	2,782,779
Other fees	583,405	-	583,405	-	-	583,405	537,670	-	537,670	-	-	537,670
Investment activity	(19,749)	-	(19,749)	-	-	(19,749)	(23,482)	-	(23,482)	-	-	(23,482)
Miscellaneous	216,489	-	216,489	-	-	216,489	158,952	-	158,952	-	-	158,952
Net assets released from restriction	1,771,763	(1,771,763)	-	-	-	-	1,616,491	(1,616,491)	-	-	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<b>16,386,667</b>	<b>93,489</b>	<b>16,480,156</b>	<b>327,314</b>	<b>-</b>	<b>16,807,470</b>	<b>15,699,274</b>	<b>4,547</b>	<b>15,703,821</b>	<b>1,007,931</b>	<b>-</b>	<b>16,711,752</b>
<b>EXPENSES:</b>												
Program Services:												
Greening & gardens	1,340,147	-	1,340,147	-	-	1,340,147	1,248,489	-	1,248,489	-	-	1,248,489
Greenmarket & farmer development	4,950,227	-	4,950,227	-	-	4,950,227	4,639,377	-	4,639,377	-	-	4,639,377
Food access & wholesale distribution	3,939,543	-	3,939,543	-	-	3,939,543	3,899,591	-	3,899,591	-	-	3,899,591
Environmental education	1,127,997	-	1,127,997	-	-	1,127,997	1,135,277	-	1,135,277	-	-	1,135,277
Zero Waste outreach and education	2,155,718	-	2,155,718	-	-	2,155,718	2,020,149	-	2,020,149	-	-	2,020,149
GrowNYC Partners	53,485	-	53,485	-	-	53,485	78,627	-	78,627	-	-	78,627
Project Farmhouse	635,026	-	635,026	-	-	635,026	617,631	-	617,631	-	-	617,631
New York State Regional Food Hub	-	-	-	411,121	-	411,121	-	-	-	1,060,920	-	1,060,920
Total Program Services	14,202,143	-	14,202,143	411,121	-	14,613,264	13,639,141	-	13,639,141	1,060,920	-	14,700,061
Supporting Services:												
Management and general	1,210,378	-	1,210,378	-	-	1,210,378	1,125,476	-	1,125,476	-	-	1,125,476
Fundraising	875,486	-	875,486	-	-	875,486	730,285	-	730,285	-	-	730,285
Total Supporting Services	2,085,864	-	2,085,864	-	-	2,085,864	1,855,761	-	1,855,761	-	-	1,855,761
<b>TOTAL EXPENSES</b>	<b>16,288,007</b>	<b>-</b>	<b>16,288,007</b>	<b>411,121</b>	<b>-</b>	<b>16,699,128</b>	<b>15,494,902</b>	<b>-</b>	<b>15,494,902</b>	<b>1,060,920</b>	<b>-</b>	<b>16,555,822</b>
<b>CHANGE IN NET ASSETS</b>	<b>98,660</b>	<b>93,489</b>	<b>192,149</b>	<b>(83,807)</b>	<b>-</b>	<b>108,342</b>	<b>204,372</b>	<b>4,547</b>	<b>208,919</b>	<b>(52,989)</b>	<b>-</b>	<b>155,930</b>
Net assets - beginning of year	4,449,738	2,354,177	6,803,915	(52,889)	-	6,751,026	4,245,366	2,349,630	6,594,996	100	-	6,595,096
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,548,398</b>	<b>\$ 2,447,666</b>	<b>\$ 6,996,064</b>	<b>\$ (136,696)</b>	<b>\$ -</b>	<b>\$ 6,859,368</b>	<b>\$ 4,449,738</b>	<b>\$ 2,354,177</b>	<b>\$ 6,803,915</b>	<b>\$ (52,889)</b>	<b>\$ -</b>	<b>\$ 6,751,026</b>